



OFFICE OF THE COMMISSIONER

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**NEWS RELEASE**

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**Division of Banking and Securities warns of potential  
investment fraud scheme**

***People In Profit issued an Order to Cease and Desist Activity***

Today, the State of Alaska's Administrator of Securities, Mark Davis, of the Division of Banking, Securities and Corporations, issued a Temporary Order to Cease and Desist and Order of Investigation with respect to a security being offered for sale in Alaska known as People In Profit System or "PIPS" (also commonly known as Private Investment Profit System).

Under the terms of the Order, the Banking and Securities Division of the Department of Commerce, Community, and Economic Development has determined that PIPS is an unregistered security, which is being offered for sale in violation of the Alaska Securities Act. The Order also finds that the PIPS "2% Plan," where investors are told they will get paid 2% per day on their investment, is a fraudulent investment which is being sold through misrepresentation. The Order requires the principals of PIPS to stop selling this investment until it is registered as a security.

Under the terms of the Order, the respondents have 15 days in which to request a hearing. If a hearing is not requested, the Order becomes final. The Order also puts the public on notice of an investigation of PIPS by the Division of Banking, Securities, and Corporations.

The Cease and Desist Order follows the announcement by Attorney General David Marquez that PIPS is an illegal Ponzi type scheme. A Ponzi scheme is an investment swindle in which high profits are promised from nonexistent sources and early investors are paid off with funds raised from subsequent investors.

Securities Administrator Mark Davis urges all Alaska residents to be wary of investments that promise very high rates of return, which are (1) not registered for sale in Alaska; and (2) which are being sold by persons who are not licensed to sell securities in this State. The Division uses what is known as the Central Registration Depository System (CRD) to track information on more than 660,000 broker dealers and approximately 5,200 brokerage firms. Alaska's CRD records indicate that 49,500 brokers and representatives are registered to sell securities in the State, and 1,280 brokerage firms are currently registered with the State.

Those interested in information regarding a broker's license status, 10-year employment background or record of disciplinary history may obtain CRD information by contacting the Division of Banking and Securities at (907) 465-2521 or by contacting the Division by email [dbsc@commerce.state.ak.us](mailto:dbsc@commerce.state.ak.us)

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